

April 22, 2008

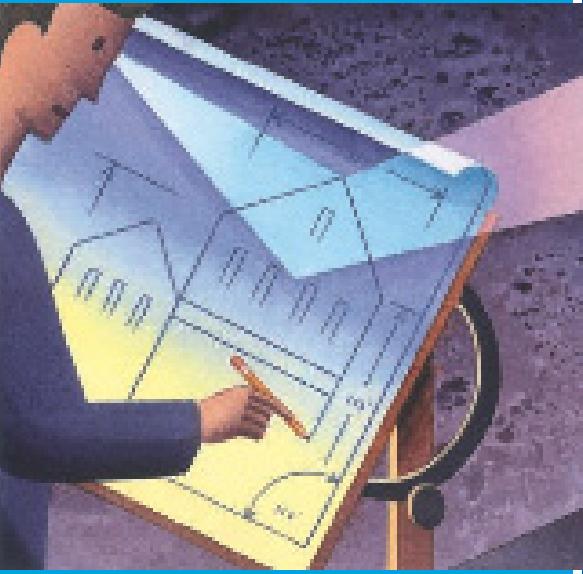
CalPERS Health & Disease Management Initiative Future Directions

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CalPERS Health and Disease Management Initiative

Today's presentation

- Background
- Best Practice Attributes
- Key Findings
- Recommendations
- Questions



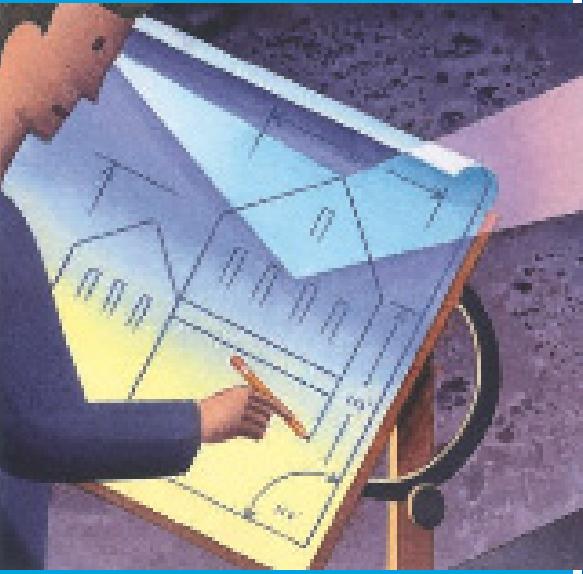
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Background

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Background

- CalPERS' objectives in delivering a best in class program are to:
 - Improve population health
 - Reduce avoidable health care utilization
 - Increase member satisfaction
 - Optimize health and disease management (HM&DM) use
- To determine the best approach to program delivery, Mercer conducted the following activities:
 - Surveyed and conducted site visits with the current health plans
 - Reviewed CalPERS' Staff resources and infrastructure
 - Analyzed the benefits of carving out one or more program components

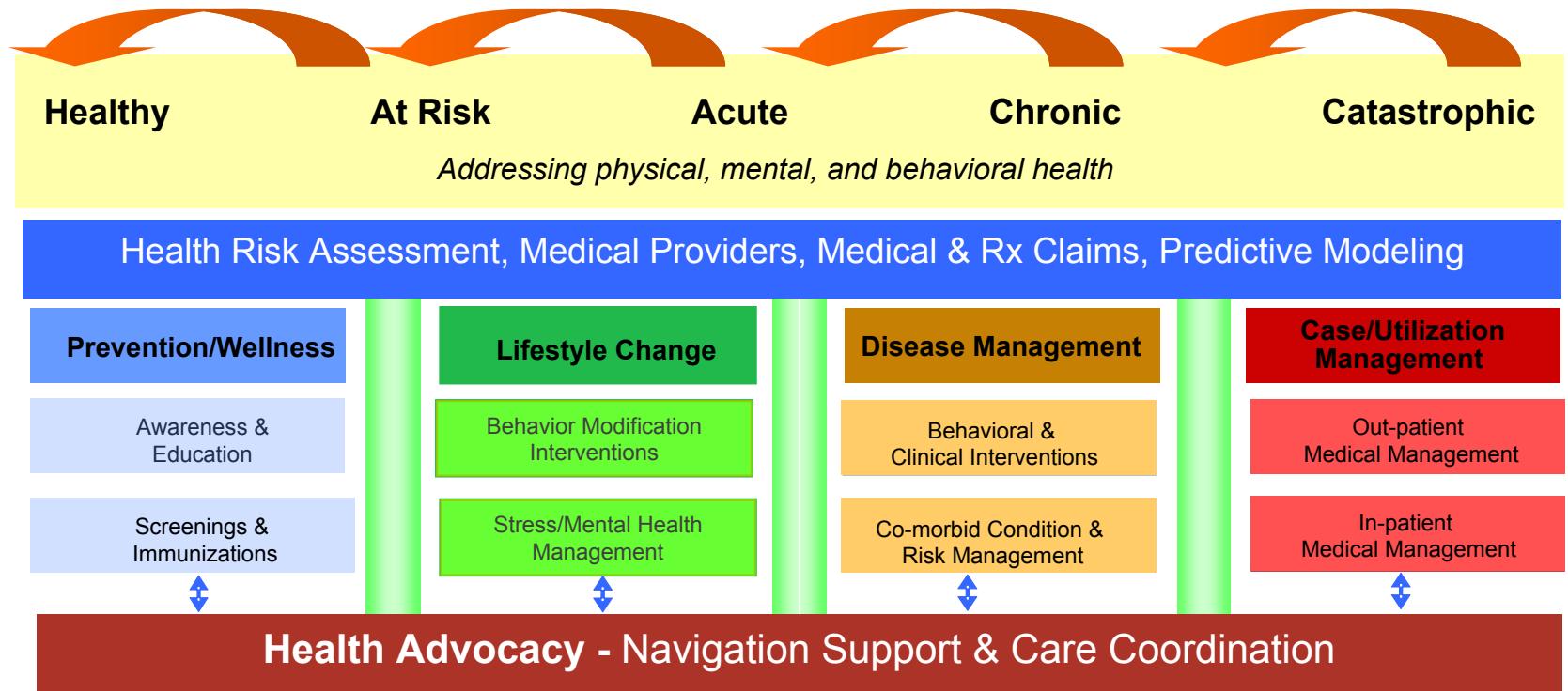


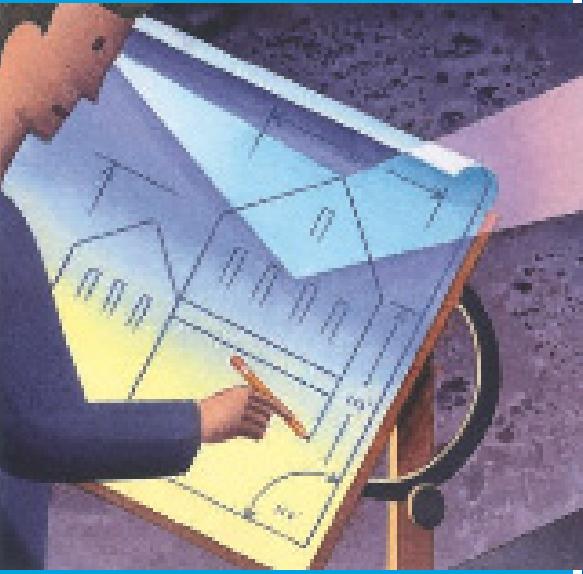
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Best Practice Attributes

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Stages of the health continuum and where members can engage





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Key Findings

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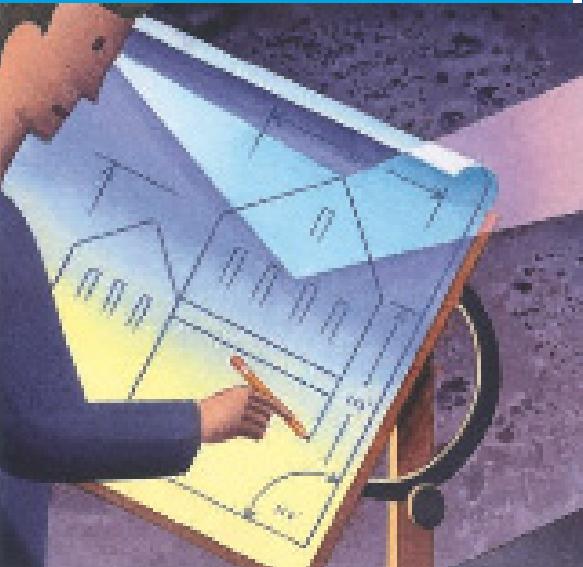
Key findings

- Current health plan HM&DM programs are siloed; lacking integration and member awareness
 - Health plan IT and delivery systems are not connected across programs
 - CalPERS-specific branding is not utilized for program recognition
 - Program communications lack multiple media channels and member touch-points for engagement into programs
- Participation rates in existing HM&DM programs are less than desired levels:
 - Limited data is available on participation rates for CalPERS members across all health plans and programs
 - HRA participation approximately 1% - 7% (best in class programs achieve 50% annually and 70% over three years)
 - Minimal LM participation reported (commonly a subset of HRA participation)
 - DM participation rate information is limited and available health plan information indicates relatively low participation (best in class programs engage approximately 35% of chronically ill)

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Key findings

- Timing and scope of current health plan reporting is inconsistent and limited:
 - Of 143 desired metrics, only 26 can be consistently reported by plans
 - Varied data definitions, measurements and reporting practices
- CalPERS' Staff resources are not currently deployed to support a best in class program:
 - Existing Staff has multiple responsibilities; and additional resources are needed to support them in effectively overseeing successful HM&DM programs in the following areas:
 - HM&DM program operations support and oversight
 - Program monitoring and data analytics



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Recommendations

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Recommendations

- Reorganize/develop dedicated HM&DM program management team:
 - Appoint a Strategic Program Leader, Program Operations Leader and Program Analytics Leader
 - Assess the need for additional Staff resources
- Implement a comprehensive performance monitoring process for all programs to support:
 - Program management & ongoing improvements
 - Tailored member interventions
- Develop an action plan to expand program offerings and gain consistency across plans:
 - Ensure HRA, LM and DM are available to all members (at no additional cost)
 - Require improved member participation and engagement rates
 - Implement consistent performance monitoring across all programs

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Recommendations

- Carve out HRA and LM programs* effective 2010 in order to:
 - Improve member engagement and participation
 - Expand and enhance member communications and messaging
 - Standardize delivery approaches, reporting and performance guarantees
- Carve out Blue Cross and Blue Shield DM programs effective 2011, in order to:
 - Increase member participation and engagement
 - Expand and enhance member communications & messaging
 - Standardize delivery approaches, reporting and performance guarantees
 - Expand CalPERS focus and influence, leading to:
 - Tailored member engagement strategies
 - Increased physician-patient engagement
- Retain DM with Kaiser, in order to:
 - Support and maintain their physician-centric approach
 - Leverage their integrated system to improve alignment of program components and reporting with CalPERS' business requirements

*Carve out of Kaiser HRA and LM programs will depend on 2008 year end review.

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Recommendations

- Separate the single administrator activities from the HM&DM program:
 - Not all single administrators have best in class health and disease management capabilities
 - HM&DM implementation requirements and processes are unique
 - Separate contracts will allow CalPERS to focus on vendor performance in specific areas and provide greater flexibility for future program changes (as needed)

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